

Lesson 27: Miscellaneous Credits

Does Vanessa qualify for the credit for qualified retirement savings contributions?

Vanessa may be able to reduce her tax liability if she is able to take this credit. In Part IV, Expenses, of her intake and interview sheet, Vanessa answered “Yes” to the question about contributions to a retirement account. She also checked the IRA and 401(k) boxes for this question. Based on her Form W-2, we know Vanessa contributed \$1,000 into her 401(k) plan at work. In a previous interview, she stated that she also put \$600 into her IRA. Be sure to record this information on her intake and interview sheet, as shown here.

Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)

Yes	No	Unsure	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Alimony: If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? <input checked="" type="checkbox"/> IRA <input type="checkbox"/> Roth IRA <input checked="" type="checkbox"/> 401K <input type="checkbox"/> Other
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Unreimbursed employee business expenses (such as mileage)?

\$600 IRA, \$1,000 on Form W-2

Vanessa’s retirement savings may qualify her for the credit for retirement savings contributions. Review the Volunteer Resource Guide (Tab G), Retirement Savings Contributions Credit—Decision Tree. You decide to ask Vanessa additional probing questions to determine if she is eligible.

Sample Interview Clarifying the Retirement Savings Contribution

SAMPLE INTERVIEW	
VOLUNTEER SAYS...	VANESSA RESPONDS...
<i>Since you put money into an IRA and your retirement account at work, let's see if you're eligible for the saver's credit. Your AGI isn't too high. And we know you were born before January 2, 1992.</i>	Yes, that's right.
<i>We know that you can't be claimed as a dependent by someone else. And, even though you did take a class, you were not considered a full-time student.</i>	That's correct.
<i>During 2008, 2009, or the current tax year, did you take any money out of your IRA account or your 401(k) plan at work, or do you plan to take any distributions before the tax filing deadline?</i>	No. I try to forget all about them. Once you start taking it out, it's too hard to put it back.
<i>You're so right about that. Well, based on your information, you may also be eligible for the saver's credit.</i>	More good news.



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